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ABSTRACT

The Insurance Services Office (ISO) of New York has filed two new insurance programs which will become effective nationwide on October 1, 1979, and are of special interest to social service agencies involved with transporting clients. The new insurance classification covering social service transportation programs, Liability Insurance for Vehicles Operated by or Contracted to Agencies, should remove much of the present uncertainty about rates and the willingness of the local agent to write insurance. Rates will fall between rates for school buses and rates for city buses. This new classification is for liability insurance which covers vehicles whether they are owned or leased for a term of one year or more by the social service agency, are donated to the agency without a driver, or are hired under contract by the agency. There are two subcategories: where the drivers of the vehicles are employees of the agency and where the drivers are volunteers or others. The second program, Excess Liability Insurance for Vehicles Owned by Employees and Volunteers, provides excess liability insurance for both the agency and the vehicle owner where vehicles owned by full-time agency employees or volunteers are used to transport agency clients. Information includes advice on how the program affects the availability and cost of insurance, ISO classes of commercial automobiles, primary rate factors based upon vehicle use, names and addresses of state insurance commissioners, rules/farms, copyright explanation, explanatory memorandum, and revised manual rules. (Author/NEC)

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New Insurance Programs for Human Service Transportation Providers

Technical Advisory No. 1

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U.S. Department of Health, Education and Welfare
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NEW INSURANCE PROGRAMS FOR HUMAN SERVICE TRANSPORTATION PROVIDERS

Technical Advisory No. 1

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U.S. Department of Health, Education and Welfare
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NEW INSURANCE PROGRAMS FOR HUMAN SERVICE TRANSPORTATION PROVIDERS

What Happened?

The Insurance Services Office (ISO)* of New York has filed two new insurance programs which will become effective nationwide and which are of special interest to social service agencies involved with transporting clients.

Liability Insurance for Vehicles Operated by or Contracted to Agencies. ISO has adopted a new insurance classification covering social service transportation programs which should remove much of the present uncertainty about rates and the willingness of the local agent to write insurance. Rates will fall midway between rates for school buses and rates for city buses. This new classification is for liability insurance which covers vehicles whether they are owned or leased for a term of one year or more by the social service agency, are donated to the social service agency without a driver, or are hired under contract by the social service agency. There are two subcategories within this new classification: (1) where the drivers of the vehicles are employees of the agency (ISO class 645- or 648-) and (2) where the drivers of the vehicles are volunteers or others (ISO class 655- or 658-).

Excess Liability Insurance for Vehicles Owned by Employees and Volunteers.

The other program devised by ISO provides excess liability insurance** for both

* The insurance industry jointly supports ISO to have a central agency that can collect and analyze all accident and loss statistics. In addition, ISO is charged with developing classifications of similar risks to simplify the rate-making process. After analyzing loss statistics for each loss category, the ISO determines rate levels necessary to cover claims and projected administrative cost. These rates and classifications of risk are filed with the Commissioner of Insurance in each state. The Commissions must then approve the rates before they can be used.

** Primary insurance coverage is that coverage which has first responsibility to satisfy the claim in case of an accident. Excess coverage is

the agency and the vehicle owner where vehicles owned by full-time agency employees, part-time agency employees or volunteers are used to transport agency clients. In these cases, when vehicles (not owned by the social service agency) are used to transport human service program beneficiaries, primary insurance will be provided by the individuals' policies on their privately-owned vehicles with excess cover age provided by the social service agency. The excess coverage protects the agency as well as the vehicle owner/operator.

Who is Affected by the New Insurance Program?

Social Service Agencies. Social service agencies, whether civic, charitable (nonprofit) or government supported service organizations that "provide transportation to clients incident to the social services sponsored by the organization, including special trips and outings" are affected. This classification includes, for example, automobiles (a generic term meaning cars, station wagons, vans, and buses) used to transport: senior citizens or other clients to congregate meal centers, medical facilities, social functions, shopping centers; handicapped persons to work or rehabilitative programs; children to day care centers or Head Start programs; and Boy Scout or Girl Scout groups to planned activities. (The ISO did not mean for this description to be restrictive; rather, it mentions several broad categories to help the local agent fully appreciate the scope of the class.)

Contractors That Provide Service to These Agencies. If a private contractor provides service to a social service agency, it will pay the same rate as it would if the vehicle were owned by the social service agency. However, if the vehicle is used in a classification which would require a higher rate,

purchased to provide additional insurance coverage when the primary insurance coverage is inadequate. For example, if primary insurance coverage is \$25,000 and an accident occurs which causes losses of \$75,000, the primary insurance would pay the first \$25,000 and the excess insurance would pay \$50,000. If the losses were only \$20,000, the excess coverage would not be needed.

such as a taxi, and as a social service vehicle, and if 20 percent or more of the use is as the higher rate use, then the higher taxi premium will be charged.

Individuals. Volunteers, professional staff employees or part-time employees who provide transportation to clients of public or private agencies using their own vehicles are covered. The fact that the volunteers or employees receive a reasonable mileage reimbursement does not change coverage or classification.

Where Has the Filing Been Made?

The new insurance programs have been filed with the Commissioners of Insurance in Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming. Massachusetts and Texas have their own filing organizations and information copies have been sent there. Hawaii and Illinois require that each company file separately. In these states, the companies are free to file the ISO rate if they desire. In each state individual insurance companies may make independent rate filings--so rates may vary between different companies.

What is Required for the Programs to be Effective?

In order for the programs to be effective in a state, the programs have to be approved by the Commissioner of Insurance in that state. If you have questions about your particular state, contact your Commissioner of Insurance.

When Will the New Insurance Programs Become Effective?

The new insurance programs devised by ISO will become effective on October 1, 1979.

How Will These New Insurance Programs Affect the Availability and Cost of Insurance?

To demonstrate how the programs will affect individual social service transportation programs, the following examples are presented:

Full-Time Staff Employees. As an example, a public health nurse, an aging program counselor, a vocational rehabilitation counselor or a Head Start teacher regularly carries clients in a personally-owned vehicle. The individual employee may or may not be reimbursed for mileage. The employee may provide the service to the client before, during or after working hours as long as the passenger is an agency client. Under this scenario the employee's insurance provides primary coverage. If the employee regularly uses his vehicle in his work (public health nurse drives between clinics and clients' homes, social worker drives to make home studies, etc.), then the premium on the employee's privately-owned vehicle would probably be based on the "uses car in business" classification. In addition, the agency could purchase nonowned vehicle liability coverage to protect the agency in case of accident where the employee is at fault. The premium, based on the total number of agency employees, is given in Table 1. This excess insurance coverage can be extended to employee drivers using their own automobiles in their employer's business by the payment of an additional premium, which is 25 percent of the premium given in Table 1.

These rates apply as long as 50 percent or fewer of the employees regularly operate their privately-owned automobiles in the employer's business. If over 50 percent of all employees regularly use their automobiles in the agency's business, the insurance company will develop rates on an individual agency basis. (These rates are applicable in most states--see "Where Has the Filing Been Made?")

TABLE 1
LIABILITY INSURANCE RATES TO PROTECT AGENCY
WHEN EMPLOYEE VEHICLES ARE INVOLVED
(All States)

ISO Class	Number of Employees ¹	Annual Premium for \$25,000 BI & PD ²	Premium for \$1 Million Coverage ³
6601	0 - 25	\$ 15	\$ 29
6602	26 - 100	37	71
6603	101 - 500	121	233
6604	501 - 1,000	230	444
6605	over 1,000	353	681

BI = Bodily Injury

PD = Property Damage

¹All employees (full-time or part-time, salaried or hourly) are included in the number of employees.

²The traditional practice of using multiple limits such as \$25,000/\$50,000 BI and \$10,000 PD is being replaced by the use of a single limit to cover all losses.

³Rates usually are based on \$25,000 coverage. If higher limits are desired they may be calculated by multiplying the base rate by an extended limits factor. The extended limits factors are different for each state and are available from the state insurance commissioner in each state. The examples given in this report are for Tennessee for convenience since the writers are from Tennessee. Table 2 is the extended limits table for Tennessee.

TABLE 2
SAMPLE EXTENDED LIMIT RATE FACTORS FOR COMMERCIAL FLEET
AND NONFLEET AUTOMOBILES
(Tennessee)

Limit (1000s)	Nonfleet	Fleet (5 or more vehicles)
\$ 25	1.00	1.00
30	1.05	1.07
40	1.11	1.16
50	1.18	1.24
75	1.25	1.32
100	1.31	1.41
300	1.52	1.70
500	1.66	1.82
1,000	1.93	2.01
2,000	2.15	2.24
3,000	2.30	2.38
5,000	2.47	2.58
7,500	2.58	2.74
10,000	2.66	2.85

Source: Insurance Services Office Rating Manual.

Note: The extended limits factors will be different in each state. Contact your state insurance commission for an extended limits table in your state.

Part-Time Employees. For example, a social service program hires neighbors, off-duty policemen, retirees or housewives on a part-time basis to transport the elderly to congregate meal sites, to help serve the meals or to escort clients to special services. These part-time employees use their own vehicles to pick up passengers and to return the clients in the afternoon after the social service activity. The employees receive a salary (perhaps the basic minimum wage) plus a mileage allowance for use of their automobiles. Under this scenario, the agency would include the part-time employees in the size of its total work force and would purchase the same insurance that it would if all were full-time employees. If the agency had 40 full-time employees and 10 part-time employees, it would pay the \$46.25 premium for 25 to 100 employees. (These rates are applicable in most states--see "Where Has the Filing Been Made?")

This option has great potential. A study done by the Tennessee Department of Transportation found that the average driving week for full-time social service agencies is 24 hours per week. The remainder of the week is spent in activities such as helping serve meals, escorting people to medical service, and helping with crafts. The agency could avoid substantial vehicle and driver expenses as well as fuel usage by hiring part-time employees in rural communities not only to help with the social service activities but also to provide transportation to the agency clients living in the employee's neighborhood, thus avoiding the empty operation of agency vehicles from the garage to the remote rural communities.

Volunteers. Some volunteers ask for a mileage allowance and other volunteers do not. Under the new insurance program, basic liability insurance coverage would be provided by the volunteer's private automobile coverage. The fact that the volunteer provides transportation for the agency will not

jeopardize the volunteer's private insurance coverage. In addition, the agency may buy nonowned vehicle coverage to protect the agency in case of an accident involving the volunteer. The premium for the basic \$25,000 liability coverage for the agency is \$2.00 per volunteer. The volunteer may receive the same level of liability coverage for an additional 50 cents per volunteer per year. (Higher limit premiums are calculated by using your state's extended limits table.)

The agency is required to have the employee nonowned vehicle coverage to be eligible for the volunteer coverage. For example, if an agency has 40 employees (of which 15 regularly use their own vehicle in the course of their employment) and 75 volunteers then the rate would be calculated as follows:

- Agency coverage
 $\$37$ (from Table 1) + $75 (\$2) = \$187$ for \$25,000 limits
- Excess coverage for agency employees
 $\$37 \times .25 = \$9.25$ for \$25,000 limit for 40 employees
- Excess coverage for volunteers
 $75 \times .50 = \$37.50$ for \$25,000 coverage for 75 volunteers
- Total premium
 $\$187 + \$9.25 + \$37.50 = \$233.75$ for 40 employees and 75 volunteers with \$25,000 limits

(Higher limit premiums are calculated by using your state's extended limits table.)

These rates are low since it is assumed that virtually all volunteers will have substantial primary coverage* on their own vehicles which will provide the majority of the protection to injured clients.

* Rather than to require a thorough analysis of each volunteer's primary coverage, the insurance industry is willing to assume that the volunteer's coverage is adequate; thus the excess coverage will start at the upper level of the volunteer's primary coverage regardless of limits.

Vehicles Owned by Agency. An agency owns a vehicle and picks up its own clients or cooperates with several other agencies who reciprocate and pick up clients on a gratuitous, shared-expense or purchase-of-service basis. In this case the agency will buy insurance to cover the vehicle since the vehicle is owned by the agency. The employee driver will be covered by worker's compensation in case of accident. If the agency owns five or more vehicles then it will pay the fleet rate. (In most states the fleet rate is approximately 5 percent higher per vehicle than the nonfleet rate. However, if the agency owns 5 or more vehicles, it can be experience rated. If the agency's experience has been good, it may receive a credit from the manual rates.)

Appendix A gives the nationwide definitions for each use class, and Appendix B gives the primary factors which are used nationwide to rate each use class. A secondary factor is added to the primary use factor to adjust for vehicle size. (Nationwide secondary factors are given in Table 3.) This combined factor is multiplied by a base rate which is dependent upon the geographical area in which the vehicle is used, operating radius, etc. (See Table 4 for sample base rates.)

The rate for \$500,000 liability insurance would be calculated as follows for a 12-passenger social service van operating within a 50 mile radius. (The rates and extended limits factors used in this example are for illustration only and will vary by state and by areas within each state. The example area is Knoxville, Tennessee.)

- Primary factor (from Appendix A: social service automobile) = .5
- Secondary factor (from Table 3: 9 - 20 seating capacity) = -.25
- Base rate (from Table 4: Territory 4) = \$1597
- Extended limits factor (from Table 2: \$500,000) = 1.66
- Annual liability premium = $(.5 - .25) \times \$1597 \times 1.66 = \$662.75$

TABLE 3
SECONDARY FACTORS USED TO ADJUST FOR VEHICLE SIZE
(Nationwide Application)

	School and Church Buses	Other Buses	All Buses	Code to be Inserted in 4th Digit of Classification Code
Seating Capacity of 1 to 8	.00	-.30	.00	1
Seating capacity of 9 to 20	+.10	-.25	.00	2
Seating capacity of 21 to 60	+.25	+.20	.00	3
Seating capacity of over 60	+.50	+.50	.00	4
All other not secondary rated				9

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Note: These classifications do not apply to taxicabs, limousines (except airport limousines), vanpools and zone rated automobiles.

TABLE 4

ANNUAL BASE RATES BY GEOGRAPHICAL AREA FOR STATE OF TENNESSEE FOR
\$25,000 BODILY INJURY AND PROPERTY DAMAGE LIMIT

Territory Code	Class	Taxicabs & Limousines	Other Buses	Church & School	Vanpools
001	Nonfleet	\$1526	\$1613	\$173	\$242
	Fleet	1602	1694	182	254
002	Nonfleet	1135	1548	132	167
	Fleet	1192	1625	139	175
003	Nonfleet	1025	1597	179	165
	Fleet	1076	1677	188	173
004	Nonfleet	1120	1597	147	180
	Fleet	1176	1677	154	189
005	Nonfleet	559	1198	104	89
	Fleet	987	1258	109	93
006	Nonfleet	574	1205	106	101
	Fleet	603	1265	111	106
009	Nonfleet	534	1198	95	84
	Fleet	561	1258	100	88
010	Nonfleet	514	1198	95	85
	Fleet	540	1258	100	89
011	Nonfleet	594	1198	113	100
	Fleet	524	1258	119	105
012	Nonfleet	594	1198	113	102
	Fleet	524	1258	119	107

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Note: For base rates in other states, contact the state Commissioner of Insurance. Also individual insurance companies may file different base rates in each state.

The new social service agency rates are based on judgment* rather than statistics since accident statistics are not yet available. The ISO filing makes this statement:

It should be emphasized that although we do not have separate statistical data for social service vehicles at this time, we believe the N.O.C. rates, which fall approximately midway between the school bus and city bus rates, are reasonable for the exposure.

This belief is based on the following:

1. The agencies providing these transportation services have a special relationship with their clients and could be expected to give more personal attention to their care. We do not, in short, consider the social service risk to be as hazardous as a class held out to the public generally for transportation.
2. These vehicles do not have the protection afforded to school buses under some very stringent laws.
3. The degree of care required to social service agency vehicles has yet to be determined by the courts.

The new Social Service Agency Automobile classification provides two bases for statistical reporting: (1) Employee Operated Automobiles and (2) All Other. The definition of the Employee Operated Automobiles section is intended to limit its application to those situations where there is a reasonable probability that the driver will have some familiarity with the needs and habits of the clients being transported and the location and physical layout of the service facilities.

The rating factors for the All Other category are the same as those for Employee Operated Automobiles. The purpose of assigning different statistical

* In some cases, the judgement rate may have been lower than the new social service classification. This would occur where the underwriter judged that the operation was more like a school bus. In these cases, the rates may go up, or the company may be willing to continue giving the school bus rates. Although there will be a few cases where rates will be increased, most agencies will find their rates decreased. Furthermore, now the insurance industry will have statistics upon which to base rates accurately; there should be much less flustration in rates.

codes is to facilitate collection of data on future claims to determine whether the use of non-agency employee drivers (primarily volunteers) significantly affects the risk. (These rates are available in most states--see "Where Has the Filing Been Made?" However, base rates and extended limit rate factors vary from state to state. Rates tables are available from the state insurance commission.)

Contractors. When a taxi or limousine company contracts with the agency to provide social service transportation and 80 percent or more of the service provided by the vehicle is to various human service agencies, the vehicles may be classified as a social service vehicle. Normally, taxicabs and limousines pay higher rates because under the law they hold themselves out to the public generally and consequently are held to the "highest standard of care." This standard of care allows virtually no defense in case of injury. Currently, neither the law nor the courts have addressed clearly the standard of care required by taxicabs providing contract service to social service agencies. Therefore, the insurance industry has been willing to accept the risk and reduce the premiums to contractors who serve social service agencies if 80 percent or more of the vehicle use is for social service contracts.

In this case, the rate will be calculated in an identical manner as it is when the vehicle is owned by the agency. Table 5 shows the comparative impact of this new rate structure by showing rates for a 12-passenger van operated in various types of services in one community. (These rates are available in most states--see "Where Has the Filing Been Made?" However, base rates and extended limit rate factors vary from state to state. Rate tables are available from the state insurance commission.)

Under common law, if a transportation provider "holds itself out to serve the public at large without discrimination," this makes the service common carriage. Several hundred years of legal tradition thus requires a higher standard

TABLE 5

COMPARISON OF LIABILITY INSURANCE RATES FOR VARIOUS FORMS OF TRANSPORTATION
IN KNOXVILLE, TENNESSEE
(12-passenger van, \$500,000 limits)

Classification	Base ¹ Rate	Primary Factor	Secondary Factor	Extended ² Limits Factor	Rate
Intercity Bus =	1597	1.0	-.25	1.66	1988.26
Taxicab (6-passengers) =	1120	1.0	None	1.66	1859.20
Urban Bus =	1597	.75	-.25	1.66	1325.51
Airport Limousine =	1597	.6	-.25	1.66	927.86
Social Service Agency =	1597	.5	-.25	1.66	662.75
Social Service Contractor =	1597	.5	-.25	1.66	662.75
School Bus =	147	.95	-.25	1.66	170.81

Note: This does not include medical, comprehensive, collision, uninsured motorist, or personal injury protection coverage.

¹These examples are for the Knoxville, Tennessee, area. Contact your state Insurance Commissioner for rates in your state.

²These factors are for Tennessee only. Contact your state Insurance Commissioner for factors in your state.

of care in the protection of passengers and reduces legal defenses. If a social service agency provides service not only to its own clients, but also actively seeks to hold itself out to serve the general public, the vehicle will be rated as an urban or intercity bus. Existing factors base rates upon size of vehicle, geographical area in which the vehicle is operated, type of operation (local or long distance) and other factors which influence losses.

Although the insurance rates for common carriers can be statistically justified by loss experience, they do not make sense from a public policy point of view. Logically, it should not vastly increase liability for a Section 18 program, for example, to pick up a nonclient when making a trip in a rural area. Therefore, the National Governors Association, the U. S. Department of Health, Education, and Welfare, the U. S. Department of Transportation, the insurance industry and others are participating in developing new legal classifications to better define the required standard of cars and financial responsibility required for these new forms of transportation. Until the legal classifications are reevaluated, however, common carriage transportation will probably not be able to substantially reduce insurance costs from the existing statistically established rates.

Caveat. It should be kept in mind that the new classifications apply only to liability insurance and, therefore, would provide protection to the passenger only in the event the social service driver or volunteer was at fault.* Since

* In no-fault states the passenger would be protected up to a selected level by Personal Injury Protection coverage on either the agency's vehicles or the passenger's privately-owned vehicle.

The no-fault state's threshold is defined by state law and ranges from several hundred dollars to several thousand dollars, depending upon the state. In accidents where injuries exceed the no-fault threshold, tort action can be brought against the at-fault party.

In general, liability insurance covers injuries sustained while riding in, entering or leaving the vehicle. If a program requires that volunteers or employees escort clients into homes, hospitals, etc., it may want to get an endorsement to its general liability insurance policy to extend the scope of-

one-third of all vehicles on the highways have no insurance or minimal insurance, the client probably would not be protected adequately in the event another vehicle were at fault. The agency may want to consider uninsured motorist or medical coverage to protect the passengers when someone else is at fault.

The insurance industry has made a major step in developing new rates for social services agencies under the assumption that these programs are well managed. Insurance is designed to cover unmanageable accidents. It is not designed to compensate for poor vehicle maintenance, the use of poorly screened accident-prone drivers, lack of driver training, or poor passenger packaging (seating, seat belts, padded dashes, tie downs, etc.) within the vehicle.

The insurance rates presented in this report are for well-managed programs. When underwriters evaluate a risk, they evaluate management practices. If poor practices are found, they may either refuse to write the insurance or will charge much higher rates. Therefore, agencies should make sure that insurance agencies are aware of the driver screening procedure, driver training procedure, vehicle maintenance procedure, and annual physical requirements of drivers so the agents can show the underwriters that programs are well managed.

Now that the insurance industry has a new classification for social service vehicles, the insurance rates will be based on statistics rather than judgment. Thus, if the agencies attempt to use insurance to compensate for poor management procedures, rates will escalate. On the other hand, if accident losses are controlled through good risk management procedure, rates can be kept low.

How Do I Obtain This New Insurance?

Contact local agents and ask if the insurance companies they represent follow the ISO classification system or if they have a similar classification

coverage. This problem currently is being addressed by the industry, the National Governors Association and federal agencies in an attempt to develop a standard form of insurance to cover this exposure.

system. (Even if insurance companies use the ISO classification systems, they may not charge the ISO rates since some companies file their own rates with the state insurance commission.)

Then determine which of the following coverages is needed and tell the agent:

- Agency employees (staff or part-time) transporting clients in their privately-owned vehicles:
 1. Nonowned vehicle coverage to protect the agency.
 2. Excess liability coverage to protect the employee.
- Volunteers transporting agency clients in the volunteers' privately-owned vehicles:
 1. Nonowned vehicle coverage to protect the agency.
 2. Excess liability coverage to protect the volunteers.
- Liability protection where transportation is provided in vehicles owned by the social service agencies. Social service agencies should request the classification, Social Service Agency Automobiles (automobiles used by a government civic, charitable or social service organization to provide transportation to clients incident to the social services sponsored by the organization including special trips and outings), unless the agencies can qualify for a lower cost classification such as a school bus. Contractors which provide transportation services under contracts with social service agencies are eligible for the same rates under the following rules:
 1. If 80 percent or more of the use of the vehicle is for various social service agencies, the contractor may apply for Social Service Agency Automobile coverage.
 2. If more than 20 percent of the use of the vehicle is for a use that would require a higher rate, such as a taxicab, then the higher rate would apply.

APPENDIX A

ISO CLASSES OF COMMERCIAL AUTOMOBILES

COMMERCIAL LINES MANUAL DIVISION ONE--AUTOMOBILE

2. USE CLASS

a. Taxicab or similar passenger carrying device. A metered or un-metered automobile with a seating capacity of 8 or less that is operated for hire by the named insured or an employee, but does not pick up, transport or discharge passengers along a route.

b. Limousine. An unmarked automobile with a seating capacity of 8 or less that is operated for hire by the name insured or an employee and used on a prearranged basis for special or business functions, weddings, funerals or similar purposes.

c. School bus. An automobile that carries students or other persons to and from school, or in any school activity including games, outings, and similar school trips.

(1) Separate codes and rating factors apply to:

(a) School buses owned by political subdivisions or school districts.

(b) All others including independent contractors, private schools and church owned buses.

(2) A policy covering a school bus may be written on an annual term for liability and collision coverages with premium prorated to reflect the actual school term. However, do not give credit for Saturdays, Sundays or holidays or for any other periods of lay-up during the school term.

(3) If a publicly owned school bus is used for special trips unrelated to school activities, refer to company for the additional charge.

d. Church bus. An automobile used by a church to transport persons to or from services and other church related activities. This classification does not apply to public automobiles used primarily for daily school activities.

e. Inter-city bus. An automobile that picks up, transports and discharges passengers on a published schedule of stops between stations located in two or more towns or cities.

f. Urban bus. An automobile that picks up, transports and discharges passengers at frequent local stops along a prescribed route. This classification applies only to vehicles operated principally within the limits of a city or town and communities contiguous to such city or town and includes scheduled express service between points on that route.

g. Airport bus or airport limousine. An automobile for hire that transports passengers between airports and other passenger stations, or motels.

h. Charter bus. An automobile chartered for special trips, touring, picnics, outings, games and similar uses.

i. Sightseeing bus. An automobile accepting individual passengers for a fare for sightseeing or guided tours, making occasional stops at certain points of interest and returning the passengers to the point of origin.

j. Transportation of athletes and entertainers. An automobile owned by a group, firm or organization that transports its own professional athletes, musicians or other entertainers.

(a) If it is used to transport other professional athletes or entertainers, rate as a charter bus.

(b) An automobile owned by a group, firm or organization to transport its own non-professional athletes, musicians or entertainers, rate

as a public automobile not otherwise classified.

k. Van pools. An automobile of the station wagon, van truck or bus type used to provide prearranged commuter transportation for employees to and from work and is not otherwise used to transport passengers for a charge.

(1) Employer furnished transportation. Transportation is held out by the employer as an inducement to employment, a condition of employment or is incident to employment.

(a) Employer owned automobiles. Automobiles owned or leased, for one year or more, by an employer and used to provide transportation only for fellow employees.

(b) Employee owned automobiles. Automobiles owned, or leased for one year or more, by an individual employee and used to provide transportation only for fellow employees of his employer.

(2) All other. Automobiles which do not meet the eligibility requirements of paragraph (1) above.

l. Transportation of employees--other than van pools. Automobiles of any type used to transport employees other than in van pools.

(1) Automobiles owned, or leased for one year or more, by an employer and used to transport only his own employees.

(a) Private passenger automobiles. Charge rates shown on the state rate sheets for private passenger types. (Class Code 5851)

(b) All other automobiles. Rate as a van pool--all other (Class Code 5851)

- (2) Automobiles owned, or leased for one year or more, by a person or organization who is in the business of transporting employees of one or more employers. Rate as public automobile not otherwise classified.

m. Social service agency automobile. An automobile used by a government entity, civic, charitable or social service organization to provide transportation to clients incident to the social services sponsored by the organization, including special trips and outings.

- (1) This classification includes, for example, automobiles used to transport
- (a) Senior citizens or other clients to congregate meal centers medical facilities, social functions, shopping centers;
 - (b) Handicapped persons to work or rehabilitative programs;
 - (c) Children to day care centers, Head Start Programs; and
 - (d) Boy Scout or Girl Scout groups to planned activities.
- (2) The following automobiles are eligible for this classification:
- (a) Automobiles owned, or leased for one year or more, by the social service agency.
 - (b) Automobiles donated to the social service agency, without a driver.
 - (c) Automobiles hired under contract by the social service agency.
- (3) If an automobile has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
- (4) Separate codes and rating factors apply to:
- (a) Employee-operated automobiles. Automobiles operated by employees of the social service agency.

If a social service automobile is also operated by volunteer drivers or other non-agency employees, use the "All Other" classification unless 80% of the use is by agency employees.

- (5) Excess liability coverage may be provided to cover automobiles not owned or licensed by the agency while being used in its social service transportation activities. This coverage may be extended to cover the agency's liability only or the liability of both the agency, and on a blanket basis, the individual liability of agency employees or volunteer donors or owners of the automobiles. For automobiles hired, loaned, leased or furnished, refer to Rule 11. For all other non-owned automobiles, refer to Rule 10.

n. Public automobile not otherwise classified. This classification includes, but is not limited to automobiles such as country club buses, cemetery buses and real estate development buses.

APPENDIX B

PRIMARY RATE FACTORS BASED UPON VEHICLE USE

COMMERCIAL LINES MANUAL DIVISION ONE--AUTOMOBILE

SECTION V PUBLIC

3. NONFLEET PRIMARY CLASSIFICATIONS--RATING FACTOR AND STATISTICAL CODES

Taxicabs and Limousines		Radius					
		Local Up to 50 Miles		Intermediate 51 to 200 Miles		Long Distance Over 200 Miles	
		B.I. & P.D.	OTC. & Coll.	B.I. & P.D.	OTC. & Coll.	B.I. & P.D.	OTC. & Coll.
Taxicab or Similar Passenger Carrying Service	Factor	1.00	2.70	1.10	3.00	1.20	3.30
	Code	4159	4159	4169	4169	4179	4179
Limousine	Factor	.50	1.35	.55	1.50	.60	1.65
	Code	4259	4259	4269	4269	4279	4279

School Buses and Church Buses							
School Bus owned by Political Subdivision or School District	Factor	.95	.40	1.00	.45	1.05	.50
	Code	615-	615-	616-	616-	617-	617-
Other School Bus	Factor	1.00	.40	1.05	.45	1.10	.50
	Code	625-	625-	626-	626-	627-	627-
Church Bus	Factor	1.00	1.00	1.30	1.25	1.35	1.50
	Code	635-	636-	636-	636-	637-	637-

Other Buses							
Urban Bus	Factor	.75	1.00	1.00	1.25	ZONE RATED	
	Code	515-	515-	516-	516-		
Airport Bus or Airport Limousine	Factor	.60	1.00	.90	1.25	1.10	1.00
	Code	525-	528-	526-	526-	5279	5279
Inter-City Bus	Factor	1.00	1.00	1.25	1.25	1.85	1.00
	Code	535-	535-	536-	536-	5379	5379
Charter Bus	Factor	1.00	1.00	1.25	1.25	1.85	1.00
	Code	545-	545-	546-	546-	5479	5479
Sightseeing Bus	Factor	.90	1.00	1.25	1.25	1.65	1.00
	Code	555-	555-	556-	556-	5579	5579
Trans. of Athletes and Entertainers	Factor	.55	1.00	.80	1.25	1.00	1.00
	Code	565-	565-	566-	566-	5679	5679
Social Service Automobile Employee-Operated	Factor	.50	1.00	.75	1.25	.95	1.00
	Code	645-	645-	646-	646-	6479	6479
Social Service Automobile All Other	Factor	.50	1.00	.75	1.25	.95	1.00
	Code	665-	665-	656-	656-	6579	6579
Bus N.O.C.	Factor	.50	1.00	.75	1.25	.95	1.00
	Code	585-	585-	586-	586-	5879	5879

Van Pools		Seating Capacity							
		1 to 8		9 to 20		21 to 60		Over 60	
		B.I.	OTC.	B.I.	OTC.	B.I.	OTC.	B.I.	OTC.
		& P.D. & Coll.		& P.D. & Coll.		& P.D. & Coll.		& P.D. & Coll.	
Employer	Factor	1.00	1.00	1.05	1.00	1.40	1.00	1.90	1.00
Furnished	Code	4111	4111	4112	4112	4113	4113	4114	4114
All	Factor	1.10	1.00	1.25	1.00	1.80	1.00	2.30	1.00
Other	Code	4121	4121	4122	4122	4123	4123	4124	4124

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COMMERCIAL LINES MANUAL
DIVISION ONE--AUTOMOBILE

SECTION V
PUBLIC

4. FLEET PRIMARY CLASSIFICATIONS--RATING FACTOR AND STATISTICAL CODES

Taxicabs and Limousines		Radius					
		Local Up to 50 Miles		Intermediate 51 to 200 Miles		Long Distance Over 200 Miles	
		B.I. & P.D.	OTC. & Coll.	B.I. & P.D.	OTC. & Coll.	B.I. & P.D.	OTC. & Coll.
Taxicab or Similar Passenger Carrying Service	Factor Code	1.00 4189	2.70 4189	1.10 4199	3.00 4199	1.20 4109	3.30 4109
Limousine	Factor Code	.50 4289	1.35 4289	.55 4299	1.50 4299	.60 4209	1.65 4209

School Buses and Church Buses							
School Bus owned by Political Subdivision or School District	Factor Code	.95 618-	.40 618-	1.00 619-	.45 619-	1.05 610-	.50 610-
Other School Bus	Factor Code	1.00 628-	.40 628-	1.05 629-	.45 629-	1.10 620-	.50 620-
Church Bus	Factor Code	1.00 638-	1.00 638-	1.30 639-	1.25 639-	1.35 630-	1.50 630-

Other Buses							
Urban Bus	Factor Code	.75 518-	1.00 518-	1.00 519-	1.25 519-	ZONE RATED	
Airport Bus or Airport Limousine	Factor Code	.60 528-	1.00 528-	.90 529-	1.25 529-		
Inter-City Bus	Factor Code	1.00 538-	1.00 538-	1.25 539-	1.25 539-	1.85 5309	1.00 5309
Charter Bus	Factor Code	1.00 548-	1.00 548-	1.25 549-	1.25 549-	1.85 5409	1.00 5409
Sightseeing Bus	Factor Code	.90 558-	1.00 558-	1.25 559-	1.25 559-	1.65 5509	1.00 5509
Trans. of Athletes and Entertainers	Factor Code	.55 568-	1.00 568-	.80 569-	1.25 569-	1.00 5609	1.00 5609
Social Service Automobile Employee-Operated	Factor Code	.50 648-	1.00 648-	.75 649-	1.25 649-	.95 6409	1.00 6409
Social Service Automobile All Other	Factor Code	.50 658-	1.00 658-	.75 659-	1.25 659-	.95 6509	1.00 6509
Bus N.O.C.	Factor Code	.50 588-	1.00 588-	.75 589-	1.25 589-	.95 5809	1.00 5809

Van Pools		Seating Capacity							
		1 to 8		9 to 20		21 to 60		Over 60	
		B.I. & P.D.	OTC. & Coll.	B.I. & P.D.	OTC. & Coll.	B.I. & P.D.	OTC. 7 Coll.	B.I. & P.D.	OTC. & Coll.
Employer	Factor	1.00	1.00	1.05	1.00	1.40	1.00	1.90	1.00
Furnished	Code	4111	4111	4112	4112	4113	4113	4114	4114
All	Factor	1.10	1.00	1.25	1.00	1.80	1.00	2.30	1.00
Other	Code	4121	4121	4122	4122	4123	4123	4124	4124

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APPENDIX C

INSURANCE COMMISSIONERS

INSURANCE COMMISSIONERS

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circular

INSURANCE SERVICES OFFICE TECHNICAL ADVISORY
SOCIAL SERVICE AGENCY PROGRAM

April 13, 1979

SOCIAL SERVICE AGENCY PROGRAM TO BE FILED

Commercial Automobile CA-79-68
(Rules/Forms)

ADVANCE PLANNING NOTICE

This circular material is intended exclusively for your information and advance planning.

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Due to the size of this circular we are limiting the distribution of those circulars with attachments to a maximum of three (3) per mailing label.

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ISO ACTION

We will:

- . file the attached material in the above jurisdictions
- . send you separate circulars for New York, North Carolina, Mississippi, Puerto Rico and Virginia
- . send the attached material to the appropriate rating bureaus in Hawaii and Texas for information
- . inform you of further developments

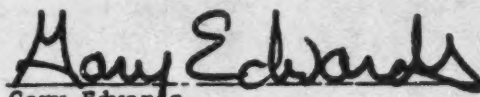


PROPOSED
EFFECTIVE
DATE

These changes are applicable to all policies written on or
after October 1, 1979.

ATTACHMENTS

-
- . Copyright Explanation
 - . Explanatory Memorandum
 - . Revised Manual Rules
-



Gary Edwards
Commercial Automobile Division

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INSURANCE SERVICES OFFICE

COMMERCIAL LINES MANUAL
DIVISION ONE - AUTOMOBILE
EXPLANATORY MEMORANDUM
AUTOMOBILES USED BY SOCIAL SERVICE AGENCIES

Some members of our society are disadvantaged because of their age, physical or mental condition, economic status or a variety of other reasons. Many programs have been developed to assist them. Some of the programs have private sponsors and others are sponsored by various levels of government.

The programs have addressed the needs of these people in the areas of health, medicine, social work, nutrition, rehabilitation, employment, recreation, shopping and variety of other services.

Having set up many programs, both public and private, to respond to their needs, a new major problem became apparent - the need for special transportation to enable them to fully realize the benefits of these programs. Most of them are prevented from owning or operating private automobiles because of their age, physical or mental condition or level of income. Public transportation is inadequate, non-existent or too expensive for them in many communities. These factors have created a strong impetus for community organizations and government agencies at all levels to search for means to provide adequate transportation service. Funding is now available to purchase the needed transportation. The result has been a mushrooming of innovative transportation arrangements designed to meet the needs in various types of communities.

Some of the transportation is provided in automobiles owned or leased by the agencies which provide the social services or donated to them on a long-term basis without drivers. Some of it is provided by contract with public or private carriers. Some agencies provide certain types of transportation for other agencies.

Much of this transportation is provided through various volunteer arrangements. The most prevalent volunteer group consists of civic-minded individuals using their own automobiles. Many employees of the social service agencies volunteer the use of their private cars. Churches and other charitable and civic organizations volunteer the use of their vans and buses.

The transportation systems that have been devised to meet these needs have now created insurance problems.

We have received many complaints that these social service agencies are having difficulty buying insurance, that it is too expensive and that there is great inconsistency in the way they are being classified and rated. These complaints have mostly come to us through the federal agencies that provide much of the funding for the social services and the transportation incident to delivering those services, government contractors such as the Transportation Research Center at the University of Tennessee and representatives of the state and regional associations of the social service agencies and their transportation providers.

INSURANCE SERVICES OFFICE

EXPLANATORY MEMORANDUM

ISO staff and insurance company representatives met with all of these interests plus representatives of the White House staff and the National Governors Association in Washington to explore the insurance problems on these vehicles. From those discussions and other information we have gathered we believe the problem has two basic parts:

1. There is a lack of understanding of the class by agents and local insurance company personnel because it was a relatively obscure class that mushroomed very quickly into large numbers. Unfamiliarity with the class generates a reluctance to accept these risks.

There is no class definition in the manual. This creates uncertainty as to how it should be classified and rated. This results in wide swings in the rates being quoted based upon the underwriter's judgment as to which defined class is most analogous to the risk being offered.

There is great lack of understanding of insurance classification, rating and underwriting criteria among owners and government sponsors of these vans which leads to often unfounded accusations of excessive rates.

2. A large percentage of this transportation is being provided by volunteers or employees of the agency using their personal cars. Their personal auto policy limits are not adequate to protect against the potential passenger hazard. The agencies need a program of coverage which is excess over the volunteer's policy to protect their own interest and also the interest of the volunteer. Such a program is not presently available.

We have developed programs to respond to both facets of this problem.

Section A of this revision addresses itself to Rule 53. PUBLIC AUTOMOBILE CLASSIFICATIONS. The revised Rule 53 includes a new paragraph which provides a class definition for Social Service Agency vehicles.

Section A also provides primary rating factors and codes for this new class.

We believe the addition of this clear definition to our manual rules will alleviate the market availability problems being generated primarily by unfamiliarity with the class in the field. It will also eliminate the problem of variations in the classification of these risks due to differing perceptions of the risk by agents and local underwriters.

Section B presents a program to provide excess coverage for volunteers using their own cars to provide transportation for clients of these social service agencies. The program consists of an extension of Rule 10, EMPLOYERS NON-OWNERSHIP LIABILITY. The coverages provided will protect both the volunteer and the social service agency over the limits of the volunteer's own policy.

INSURANCE SERVICES OFFICE

EXPLANATORY MEMORANDUM

The rule is also extended to provide for excess coverage for employees using their own cars in the agency's business, including the transportation of social service clients. The same provisions for excess coverage for employees may be provided to employees of any employer, not just the social service agencies.

Many social service agencies and state and federal agencies are anxious to have these rules distributed at the earliest possible date. We would greatly appreciate your early attention to this proposal.

GENERAL RULES
SECTION V - PUBLIC TRANSPORTATION

Matter underlined is new; matter in brackets [] is deleted.

53. PUBLIC AUTOMOBILE CLASSIFICATIONS

(Sections A, B and C remain unchanged)

D. Primary Classifications

1. Radius Class

(This paragraph is unchanged)

2. Use Class

(Paragraphs 2.a. through 2.l. are unchanged)

m. Social service agency automobile.

An automobile used by a government entity, civic, charitable or social service organization to provide transportation to clients incident to the social services sponsored by the organization, including special trips and outings.

(1) This classification includes, for example, automobiles used to transport

- (a) senior citizens or other clients to congregate meal centers, medical facilities, social functions, shopping centers;
- (b) handicapped persons to work or rehabilitative programs;
- (c) children to day care centers, Head Start programs; and
- (d) Boy Scout or Girl Scout groups to planned activities.

(2) The following automobiles are eligible for this classification:

- (a) Automobiles owned, or leased for one year or more, by the social service agency.
- (b) Automobiles donated to the social service agency, without a driver.
- (c) Automobiles hired under contract by the social service agency.

GENERAL RULES
SECTION V - PUBLIC TRANSPORTATION
(cont'd)

- (3) If an automobile has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
- (4) Separate codes and rating factors apply to:
- (a) Employee-operated automobiles. Automobiles operated by employees of the social service agency. If a social service automobile is also operated by volunteer drivers or other non-agency employees, use the "All Other" classification unless 80% of the use is by agency employees.
- (b) All Other. Automobiles which do not meet the requirements of paragraph (a).
- (5) Excess liability coverage may be provided to cover automobiles not owned or licensed by the agency while being used in its social service transportation activities. This coverage may be extended to cover the agency's liability only or the liability of both the agency and, on a blanket basis, the individual liability of agency employees or volunteer donors or owners of the automobiles. For automobiles hired, loaned, leased or furnished, refer to Rule 11. For all other non-owned automobiles, refer to Rule 10.

m.7 n. Public automobile not otherwise classified.

(The remainder of this rule is unchanged.)

INSURANCE SERVICES OFFICE

SECTION A

PUBLIC AUTOMOBILE CLASSIFICATIONS

AUTOMOBILES USED BY SOCIAL SERVICE AGENCIES

When the Public Automobile Class definitions were revised in 1977, ISO was unaware of the developing social service transportation arrangements. As a result, no specific provision for rating and classifying these risks is presently contained in the Commercial Automobile Manual.

Social service agency vehicles would currently be rated in the Commercial Auto Manual as Public Automobiles, Not Otherwise Classified. The rate is quite reasonable in relation to other classes.

The lack of specific reference to social service agency autos in the Manual, coupled with the widespread mix of vehicle types and the introduction of the volunteer driver element, has resulted in much confusion and uncertainty regarding the proper classification of these vehicles on the part of underwriters. Decisions by some local transit authorities to regulate these risks (with the result that they require the filing of certificates of insurance) have further confused the issue and the result has been either a wariness by insurers to accept this business or attempts to accommodate it using the "best fitting" existing classification.

The new Social Service Agency Automobile rule (attached) addresses itself to these problems. It is believed that inclusion of this specific reference in the Manual will alleviate much of the availability problems being experienced by some social service organizations as a result of the underwriters' unfamiliarity with this class. It will also eliminate the problem of varying classifications being assigned due to differing perceptions of the risk.

Social service agency automobiles eligible for rating in the attached Rule are those not eligible for rating in the Personal Auto Manual.

The new Social Service Agency Automobile classification provides two bases for statistical reporting:

- (a) Employee-operated Automobiles and
- (b) All Other

The definition of the "Employee-operated Automobiles" section is intended to limit its application to those situations where there is a reasonable probability that the driver will have some familiarity with the needs and habits of the clients being transported and the location and physical layout of the service facilities. The rating factors shown are those currently in effect for the "N.O.C." Class and reflect the same vehicle size and passenger capacity increments as for the other "bus" categories in the Public Auto Section.

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The rating factors for the "All Other" category are the same as those for "Employee-operated Automobiles." The purpose of assigning different statistical codes is to determine whether the use of non-agency employee drivers (primarily volunteers) significantly affects the exposure.

It should be emphasized that although we do not have separate statistical data for social service vehicles at this time, we believe the N.O.C. rates, which fall approximately midway between the school bus and city bus rates, are reasonable for the exposure. We base this belief on the following:

1. The agencies providing these transportation services have a special relationship with their clients and could be expected to give more personal attention to their care. We do not, in short, consider the social service risk to be as hazardous as a class held out to the public generally for transportation.
2. These vehicles do not have the protection afforded to school buses under some very stringent laws.
3. The degree of care required of social service agency vehicles has yet to be determined by the courts.

INSURANCE SERVICES OFFICE
Memorandum - Commercial Lines Manual
Division One - Automobile

SECTION A

GENERAL RULES
SECTION V - PUBLIC TRANSPORTATION

NON-FLEET PRIMARY CLASSIFICATIONS — RATING FACTORS AND STATISTICAL CODES

Other Buses							
Urban Bus	Factor Code	.75 515—	1.00 515—	1.00 516—	1.25 516—		
						ZONE RATED	
Airport Bus or Airport Limousine	Factor Code	.60 525—	1.00 525—	.90 526—	1.25 526—	1.10 5279	1.00 5279
Inter-City Bus	Factor Code	1.00 535—	1.00 535—	1.25 536—	1.25 536—	1.85 5379	1.00 5379
Charter Bus	Factor Code	1.00 545—	1.00 545—	1.25 546—	1.25 546—	1.85 5479	1.00 5479
Sightseeing Bus	Factor Code	.90 555—	1.00 555—	1.25 556—	1.25 556—	1.65 5579	1.00 5579
Trans. of Athletes and Entertainers	Factor Code	.55 565—	1.00 565—	.80 566—	1.25 566—	1.00 5679	1.00 5679
Social Service Automobile Employee-Operated	Factor Code	.50 645—	1.00 645—	.75 646—	1.25 646—	.95 6479	1.00 6479
Social Service Automobile All Other	Factor Code	.50 655—	1.00 655—	.75 656—	1.25 656—	.95 6579	1.00 6579
Bus N.O.C.	Factor Code	.50 585—	1.00 585—	.75 586—	1.25 586—	.95 5879	1.00 5879

FLEET PRIMARY CLASSIFICATIONS—RATING FACTOR AND STATISTICAL CODES

Other Buses							
Urban Bus	Factor Code	.75 518—	1.00 518—	1.00 519—	1.25 519—		
						ZONE RATED	
Airport Bus or Airport Limousine	Factor Code	.60 528—	1.00 528—	.90 529—	1.25 529—	1.10 5209	1.00 5209
Inter-City Bus	Factor Code	1.00 538—	1.00 538—	1.25 539—	1.25 539—	1.85 5309	1.00 5309
Charter Bus	Factor Code	1.00 548—	1.00 548—	1.25 549—	1.25 549—	1.85 5409	1.00 5409
Sightseeing Bus	Factor Code	.90 558—	1.00 558—	1.25 559—	1.25 559—	1.65 5509	1.00 5509
Trans. of Athletes and Entertainers	Factor Code	.55 568—	1.00 568—	.80 569—	1.25 569—	1.00 5609	1.00 5609
Social Service Automobile Employee-Operated	Factor Code	.50 648—	1.00 648—	.75 649—	1.25 649—	.95 6409	1.00 6409
Social Service Automobile All Other	Factor Code	.50 658—	1.00 658—	.75 659—	1.25 659—	.95 6509	1.00 6509
Bus N.O.C.	Factor Code	.50 588—	1.00 588—	.75 589—	1.25 589—	.95 5809	1.00 5809

Memorandum - Commercial Automobile Supplementary Rating Procedures

GENERAL RULES

Matter in brackets [] is deleted.

53. PUBLIC AUTOMOBILE CLASSIFICATIONS

Add the following to paragraph D.2.c.(3):

Publicly owned school buses also used for special trips by senior citizen or similar groups which are unrelated to school activities.

Due to the variation in exposure from risk "to risk" it is impractical to establish a uniform manual rate. The company should establish the appropriate rates according to the available underwriting information.

EXPLANATION: With the introduction of the "social service agency automobile" classification in the Commercial Lines Manual, this rule is unnecessary.

INSURANCE SERVICES OFFICE

SECTION B

NON-OWNERSHIP LIABILITY

EXCESS LIABILITY COVERAGE FOR SOCIAL SERVICE AGENCIES, AGENCY VOLUNTEERS AND EMPLOYEES

During the course of our research, ISO was made aware of the need to provide excess liability coverage to social service agencies for the use of volunteer-owned automobiles in the agency's business and to make provision for extending such coverage, on an optional basis, to cover the individual liability of agency volunteers and employees while using their own automobiles to transport clients of the agency.

The success of many transportation programs is dependent on the recruitment of volunteer drivers and many agencies have expressed concern that unless they are able to offer adequate insurance protection they cannot attract the volunteers needed to maintain their programs.

We have expanded the existing Non-Ownership Rule to newly add:

1. Excess Liability Coverage for Social Service Agencies for the use of Autos Owned by Volunteers.

The coverage needed by these agencies for the use of volunteer-owned automobiles is similar to that required to cover employee-owned cars used in the insured's business. It is, therefore, a natural extension of Rule 10.

There is, however, one very significant difference in the volunteer-owned auto exposure. Employees using their own cars in the business of the insured constitute a simple "business use" exposure. Social service agency volunteers, on the other hand, inherit a passenger hazard not present in the typical employer's non-ownership exposure. The presence of the passenger hazard in the case of social service volunteers necessitates an additional charge.

The revised Rule (attached) provides a charge of \$2 per volunteer donor for basic limits of \$25,000 Liability Coverage at a minimum premium of \$15 per policy. The rate was selected on a judgment basis.

2. Excess Liability Coverage for Individual Volunteers

Most volunteers who participate in these programs carry average Personal Auto Policy Limits. Average Family Coverage limits are inadequate, however, when the cars are used to transport agency clients as passengers.

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In 1. above, we have addressed the additional coverage needed by the social service agency to protect against the passenger hazard. We have also modified Rule 10 to newly include provision for extending such additional protection to the individual volunteer. Like the agency's coverage, coverage for the volunteer is provided as excess insurance over the volunteer's own Personal Auto Policy limits. Excess coverage is available up to the limit of the agency's own policy.

The additional charge for the extension of coverage is \$.50 per volunteer donor, subject to a minimum premium of \$5 per policy for \$25,000 basic limits. This rate was selected on a judgment basis.

3. Excess Liability Coverage for Individual Employees

In this type of risk, it is common for employees, as well as volunteers, to use their personal automobiles to transport clients. Because of the passenger hazard, they have the same need for excess coverage as do the volunteer drivers. We have, therefore, further expanded Rule 10 to make liability coverage available to social service employees up to the limit of liability afforded under the agency's policy. The coverage is provided as excess insurance over the limits afforded under the employee's own Personal Auto Policy.

Although the need for excess coverage to protect the individual liability of employees has been forcefully brought to our attention in our recent discussions relative to social service agencies, we have had numerous, previous requests to make this same type of coverage available to employees on all kinds of risks. Paragraph D of our present Employers' Non-Ownership Rule does, in fact, contain a reference to this excess coverage on a "refer to company" basis. Because ISO has no procedures filed for affording excess insurance to employees, however, companies must currently treat this coverage on an individual risk basis. In recognition of the general need for this employee protection, we have developed the excess liability program so that it can apply to any type of risk and are withdrawing Paragraph D of Rule 10. Coverage will extend, on an excess basis, to the individual employee for the use of any auto in the employer's business which is neither owned nor hired by the employer.

The charge for this extension of coverage is to be determined as 25% of the premium developed under the employer's non-ownership table in Rule 10.

GENERAL RULES

SECTION II - COMMON COVERAGES AND RATING PROCEDURES

Matter underlined is new; matter in brackets [] is deleted.

10. [EMPLOYERS'] NON-OWNERSHIP LIABILITY

- A. This rule does not apply to garage risks.
- B. If more than 50% of the insured's employees regularly operate their automobiles in the insured's business, refer to company for rating. Otherwise, rate in accordance with [paragraph C] this rule.
- C. Premium development.

1. All risks other than social service agency risks as defined in the public transportation section.

- a. Determine the total number of employees of the insured at all locations and select the advance premium from the following table:

Class Code	Total Number of Employees	Bodily Injury and Property Damage \$25,000 Limit
6601	0-25	\$ 15
6602	26-100	37
6603	101-500	121
6604	501-1,000	230
6605	over 1,000	353

- b. To extend non-ownership liability coverage to cover the individual liability of employees while using their automobiles in the employer's business, compute the additional premium by multiplying the premium determined in paragraph 1.a. above by .25.

2. Social service agency risks.

- a. Determine the advance premium based on the number of employees in accordance with paragraph 1.a. above.
- b. Charge an additional premium determined as follows:

Determine the total number of volunteers at all locations who regularly use their own automobiles to transport social service clients in connection with the agency's programs and multiply this number by \$2 per volunteer for bodily injury and property damage liability at \$25,000 limit. The minimum premium for bodily injury and property damage liability is \$15 at \$25,000 limit.

GENERAL RULES
SECTION II - COMMON COVERAGES AND RATING PROCEDURES
(cont'd)

- c. To extend non-ownership coverage to cover the individual liability of agency employees, charge an additional premium determined in accordance with 1.b. above.
 - d. To extend coverage to cover the blanket individual liability of volunteers who use their own automobiles in the agency's social service programs, charge an additional premium of \$.50 per volunteer donor for bodily injury and property damage liability at \$25,000 limit.
3. Unless there is a substantial change in exposure during the policy period, the advance premium is the earned premium.
- [D. To extend employers' non-ownership liability coverage to cover employees for their individual liability, refer to company for rating.]

Memorandum - Commercial Automobile Supplementary Rating Procedures

GENERAL RULES

Matter in brackets [] is deleted.

10. EMPLOYERS' NON-OWNERSHIP LIABILITY

The following additional provisions apply to boy scout or girl scout troops, councils or associations:

- A. A policy may cover private passenger automobiles or trucks, tractors or trailers used in the activities of boy scout or girl scout troops, councils or associations provided such automobiles are not owned, licensed or hired by such troops, councils or associations. Charge the following:

	\$50,000 liability limit	\$500 medical payments
Rate per troop	\$ 54	\$ 10
Minimum premium per council or association	19.	5.
Maximum premium per council or association	53.	15.

- B. The policy may also cover the blanket individual liability of counsellors, directors and leaders, excluding automobiles owned by them. Charge an additional premium of .50 of the premium developed above.

- C. The policy may also cover the blanket individual liability of the donors or owners of the automobiles while being used for scouting activities. Charge the following:

	\$50,000 liability limit
Rate per troop	\$ 2.90
Minimum premium per council or association	27.
Maximum premium per council or association	213.

- D. The policy may provide coverage for the insured's liability in excess of \$50 per accident for damage to donated automobiles caused by collision or upset. Charge the following:

Rate per troop	\$ 2.50
Minimum premium per council or association	25.
Maximum premium per council or association	200.

- E. When a policy covers only one troop, the minimum premiums apply.

- F. If other liability limits are desired, reduce the \$50,000 limit rates and minimum premiums to a \$25,000 limit and then increase it by the appropriate increased limits factor.

EXPLANATION: The changes proposed elsewhere in this revision for Rule 10 of the Commercial Lines Manual obviate the need for a special "scout troop" rule in the Supplementary Rating Procedures Manual. "Scout troops" qualify as social service agency risks and excess coverage for non-owned autos used in the activities of the scout troops will, therefore, be rated in accordance with Section C.2. of Rule 10.